

MINUTES

ROCKFORD POLICE PENSION BOARD

DECEMBER 18, 2014

MEMBERS PRESENT: Jeff Nielsen, President
Marcia Mueller, VP
Matt Williams, Secretary
Mike McDonald, Assist Secretary
Scott Laue, Trustee

ABSENT:

ALSO PRESENT: Roberta Holzwarth – Holmstrom & Kennedy
Mike Piotrowski – Marquette Associates

GUESTS: Greg Hosbein – Segall Bryant & Hamill

STAFF: Linda Wlaznik, Finance

The December 18, 2014 Rockford Police Pension Board convened at City Hall 425 E. State St., Jeff Nielsen called the meeting to order at 8:10 am.

MINUTES

Motion by Mueller and seconded by McDonald to approve minutes of the November 20, 2014 presentations as corrected. APPROVED.

Motion by Mueller and seconded by McDonald to approve minutes of the November 21, 2014 Board meeting as corrected. APPROVED.

PUBLIC COMMENT

NONE

CASH & INVESTMENT REPORT

Piotrowski stated that the value of the pension fund through the end of November at \$179.9 million. Two months of cash needs was raised last month; an additional \$5,000 will be needed this month. Equities are slightly overweight. At least 35% of the portfolio must be in fixed income securities or cash. The portfolio is slightly out of compliance.

The fund will be close to achieving the actuarial rate of return for 2014. Year-to-date the fund is up 7.2%. Kayne Anderson Rudnik is outperforming year-to-date. The active managers have generally outperformed the benchmark, with the exception of PIMCO.

In order to rebalance the fund, a discussion ensued regarding the need to liquidate and hold cash in order to satisfy rebalancing requirements.

Motion by Mueller and seconded by Laue to liquidate \$1.7 million for year-end rebalancing; \$300,000 from Vanguard Value Index, \$400,000 from Vanguard Institutional Index, \$300,000 from

Vanguard Mid Cap Index, \$300,000 from Kayne Anderson Rudnik, and \$400,000 from the Vanguard REIT Index. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve if needed an additional adjustment as required to reduce the equity exposure of the fund; the liquidation will be from the Vanguard Institutional Index. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Mueller suggested revisions to the letter to custodian.

Motion by Mueller and seconded by Laue to approve purchases and sales. APPROVED.

BILLS

Motion by Mueller and seconded by Laue to approve December City Services of \$9,933.33. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve November postage charges of \$139.68. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy for November attorney fees for General in the amount of \$1,350.00. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve payment to Holmstrom & Kennedy, P.C. for November attorney fees for the Gulbrantson disability matter in the amount of \$1,850.00, which includes professional services in the amount of \$1,800.00 and disbursements in the amount of \$50.00. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the payment to Marquette Associates for Investment Consulting Services for the period of August 1, 2014 through October 31, 2014 in the amount of \$16,250.00. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

ATTORNEY'S REPORT

Attorney Holzwarth informed the board that she had not heard anything further from Officer Gulbrantson's attorney. The application is pending as filed and the evaluations are scheduled.

The LEOSA request has been received. The City Attorney is comfortable with the form that the pension board has proposed. Further discussion ensued.

Motion by Mueller and seconded by Laue to table the certification letter for reconsideration of new language at the next meeting. APPROVED.

NEW BUSINESS

Motion by Mueller and seconded by Laue to approve the monthly increase for Mark West in the amount of \$445.83 for a monthly benefit of \$5,265.58 or \$63,186.96 annually. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Laue to approve the Report to City Council. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

PAYROLL

Motion by Mueller and seconded by Laue to approve the December estimated payroll amount of \$1,232,157.63. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

Motion by Mueller and seconded by Williams to withhold from Linda Beishir December payment \$1,665.14 from the normal payment of \$3,568.16 in order to adjust for the overpayment that occurred in November 2014. The Board retains jurisdiction of this matter for purposes of enforcing the Pension Code. APPROVED.

Ayes: Nielsen, Mueller, Williams, McDonald, and Laue

Nays: None

SEGALL BRYANT & HAMILL

Greg Hosbein was at the meeting to present information regarding the performance of the Pension Fund's portfolio with Segall Bryant & Hamill.

Mr. Hosbein discussed the firm profile. Mr. Hosbein and Mr. Dadura are responsible for the management of the portfolio. The value of the fund as of November 30, 2014, was \$30,142,714; a change of \$954,083 over the past twelve months. This is a high quality, short duration portfolio. The firm provides stable returns through diversification by sector. The fund is underweight in Treasuries and overweight in agencies and corporate bonds.

Piotrowski asked if Segall Bryant & Hamill expected the portfolio to change materially going forward. Mr. Hosbein replied that the portfolio had changed materially in two respects: (1) increased their emphasis on quality, (2) reduced the corporate bond exposure. Piotrowski responded that he was satisfied with the positioning of the portfolio.

A motion to adjourn was made Matt Williams and seconded by Scott Laue at 9:48 a.m.
APPROVED.

A handwritten signature in black ink, appearing to be "JPL" followed by a stylized flourish.